

TAB 3

**Before the
Federal Communications Commission
Washington, D.C. 20554**

In the Matter of

ALEX NGUYEN
1050 Kiely Blvd. #2608
Santa Clara, CA 95055
408-499-4239
communicator@doubleperfect.com

Complainant,

v.

CELLCO PARTNERSHIP &
AFFILIATED ENTITIES d/b/a
VERIZON WIRELESS

Defendant.

File No. _____

EXCERPTS FROM THE MARCH 10, 2016 EPISODE OF CTRL-WALT-DELETE

On the March 10, 2016 episode (“Walt and Nilay on the Edge”) of the Ctrl-Walt-Delete show,¹ co-hosts Walt Mossberg (The Wall Street Journal, All Things Digital, Re/code, The Verge) and Nilay Patel (Engadget, The Verge) talked about the Samsung Galaxy S7 and Galaxy S7 edge and how Verizon made these smartphones “meaningfully worse.”

Mossberg revealed that Apple is the only smartphone provider that independently certifies its devices and doesn't let Verizon abuse its “certification” process to foist Verizon-backed applications.

Patel noted that Apple—which has its own retail stores and is the most valuable company and brand in the world—has enough leverage to offer unlocked devices compatible with the Verizon Wireless network directly to customers (and at the same time, sell devices inside

1 Walt Mossberg, Nilay Patel, *Ctrl-Walt-Delete: Walt and Nilay on the Edge*, <http://www.theverge.com/2016/3/10/11193170/ctrl-walt-delete-samsung-galaxy-s7-edge>

Verizon's retail operations) but Samsung—the largest mobile phone manufacturer in the world—doesn't. Samsung told Patel that offering unlocked devices directly to customers would piss off Verizon and the other carriers, which could retaliate by delaying “certification” (while pushing devices from more submissive handset manufacturers) and blocking customers from ordering SIM cards for these devices.

22'15"

Walt Mossberg: And then the third bucket, which is the most annoying to me, is the extent to which this very successful, giant global company [Samsung] has—I don't know any other word for it—just kowtowed to the carriers. It's insane! My Verizon model, which they sent me to review—and maybe they did it on purpose—maybe they want reviews to complain about this.... My model had a folder with eight Verizon apps in it; it had several others. I think he [Dan Seifert, editor at The Verge] said his had thirteen....

Verizon, in the setup flow of the phone, in my experience at least, it guided me heavily toward Verizon's messaging app.... Verizon is all over it, and when I signed up for the Verizon one, to see what would happen,... I got immediately a bunch of ads, like an ad with multiple screens, that took over the whole screen of the phone, that offered me things like gift cards from other stores. It just turned this beautiful phone into this shill for Verizon.

And it wanted me to backup my phone to Verizon, when I can back it up to, you know, Android has an automatic backup to [Google] Drive available if I want it. It has automatic backup to Google Photos available if I want it. I'm not sure why I want to back up to Verizon. When I said no, it said, “Are you sure? You could lose valuable stuff!” as if there's no other way to do this on the phone, as if I'm in Verizon world, not in either Android world or Samsung world.

28'03"

Nilay Patel: And then there's the third one, which is Verizon just junking it up, and that one is even worse. That's just Verizon taking advantage of the fact that they sell the phone, walking over Samsung, and saying, “What if we squeezed a little bit more money out of our

subscribers by having them sign up to Verizon Backup?”... They're not actually competing. They're just taking advantage of their position with the consumer. This stuff is bad!

Walt Mossberg: I completely agree.... There's no Verizon crap on the iPhone. None! In fact, years ago, I went to a Verizon test lab ... I went and visited it, and I looked around, and they were very proud. They were showing me the test lab. There were a bunch of phones lying around. I saw Motorola, Samsung, BlackBerry, whatever, and I said to them, “How come there are no iPhones lying around?” And they fumbled around and said, “Oh, well, Apple does its Verizon certification tests itself in its own lab ... but we have an engineer there!” And Apple just doesn't do that, doesn't let its phones be a sales tool for the carriers, and Samsung feels like it has to....

Nilay Patel: They sell a lot of them. They have some market power. It's Apple. They're going to release their own phones. This is really interesting to me: unlike Samsung, Apple sells the unlocked phones. You cannot buy an unlocked, carrier-free Galaxy S7.

Walt Mossberg: You know, I had an editor on my column who asked me, “Is there an unlocked one?”... I made a quick call to check, and I quickly responded, “No, there's no unlocked one!” And this editor said, “That is insanity!”

Nilay Patel: That is crazy! But Apple at least retains this secondary leverage. We'll just tell everybody to buy the unlocked [devices]. If they want to use Verizon, buy the unlocked one, put the SIM card in it, and it's free of the junk, but Samsung won't do that. When I talk to Samsung about it, they're like ... we got to do what we got to do. The alternative is pissing off the carriers and not having them help us market and sell the phones. That's just crazy to me.

32'36"

Walt Mossberg: We're talking about a giant company [Samsung] that could do this and doesn't need to take a beautiful object and make it be a billboard for the carriers.

Nilay Patel: You and I see it, and probably the vast majority of our listeners see the Verizon messaging thing or my favorite, VZW Navigator,...

Walt Mossberg: OH MY GOD!

Nilay Patel: Come on, right?!

[...]

Walt Mossberg: The last time I looked, the Verizon Navigator was a subscription thing.

Nilay Patel: Yes! Why would you pay for that garbage?! They put this stuff on there. Are you just trying to collect the pennies from the couch cushions?

35'23"

Nilay Patel: I think regular people see it [applications Verizon compels device providers to preload], and it just distracts and confuses and ruins the experience of the phone in a meaningful way.... Samsung says to us, "Well, we need the marketing support. We have to sell the phones."... The Verizon crap makes the Samsung phone meaningfully worse.

36'08"

Walt Mossberg: The mystery to me is why a company [Samsung] with that much market power—I know, they've had some troubles the last few years, their smartphone sales have dropped, and even their earnings have dropped.... It hasn't been a great couple of years for them. So they're probably in a weaker position, but they're still in a super strong position to say to the carriers ... just leave it alone, but they don't seem to—I don't know—they don't seem to be able

to do it.

37'28"

Walt Mossberg: In my opinion, the network and the phone should be separated, and I've been writing this for fifteen years. Whatever computer laptop you have in front of you, you had no dealings with Time Warner or whoever is supplying the Internet to the office about which laptop you bought and what was on it. They're separate purchases, and they should be. Switch laptops if you want a different one and don't tell Time Warner. Switch Internet suppliers—assuming you could—if you didn't like Time Warner and don't switch laptops. They're separate, and that's not the way the Samsung Galaxy S7s are.